

10 September 2014

Australian Energy Market Commission  
PO Box A2449  
Sydney South NSW 1235

Submitted electronically

Dear Sir/Madam

**Re: RRC0001: Draft Rule Determination: Retail Price Variations in Market Retail Contracts**

Lumo Energy welcomes the opportunity to make a submission to the Australian Energy Market Commission's (Commission) in response to the Draft Rule Determination for the National Energy Retail Amendment (Retailer price variations in market retail contracts) Rule 2014 (Draft Determination) as proposed by the Consumer Action Law Centre (CALC) and the Consumer Utilities Advocacy Centre (CUAC) (the proponents).

Lumo Energy is 100% owned by Infratil Limited, a company listed on the New Zealand and Australian Stock Exchanges. Lumo Energy currently retails electricity in Queensland and South Australia, electricity and gas in New South Wales and Victoria, and is one of the largest second tier energy retailers.

**Key Issue: Information Provision in Fixed Term Market Retail Contracts**

The Commission has taken a proportionate approach when assessing the proposed rule and Lumo Energy acknowledges the Commission's interpretation that "the key issue raised by the rule change request is that some consumers may be entering contracts unaware that prices may vary".<sup>1</sup>

Lumo Energy supports quality information provision to consumers in order to facilitate their engagement in the retail energy market, particularly where consumers are actively selecting a product that suits their needs. These products may be based on price (base or discount), product offerings (e.g. velocity points), or products with higher components of green power based on their personal preferences. It is the quality of information in this active selection and choice in product and services that must be encouraged in the Commission's more preferable Rule.

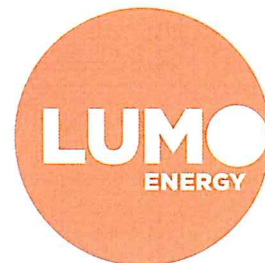
**Draft Rule**

The Draft Determination includes a more preferable draft Rule proposed by the Commission as it considers that the Rule will enhance competition as "more informed and engaged consumers are likely to make better choices".<sup>2</sup> The Commission state that their more preferable draft Rule provides information for consumers when they choose to enter a market retail contract.

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<sup>1</sup> AEMC 2014, Retailer price variations in market retail contracts, Rule Determination, 31 July 2014, Sydney, p. i

<sup>2</sup> *ibid*, p. iii



Lumo Energy believes that the existing NECF and the ACL provide sufficient consumer protections for all energy consumers. In particular, retailers have obligations to disclose product information in a transparent and clear manner and detail how and when tariffs and charges may be varied. Lumo Energy articulates this information at the point of sale, within the terms and conditions of the contract and in the welcome pack provided to customers at the time of or immediately after entering a market retail contract. Additionally, all energy consumers have the right to cancel a retail contract during the 10 day cooling period should they wish to.

Lumo Energy strongly supports the provision of transparent and clear manner, consistent with our existing obligations. However, Lumo Energy is concerned that the draft Rule falls outside the scope of the rule change proposal as identified by the Proponents, which related to market retail contracts with a fixed term or fixed benefit period. The proposed rule 46A applies to all market retail contracts, including those that do not have a fixed term, and the amendments to rule 64 apply to all energy retail contracts.

**Other Matters: Implementation**

Lumo Energy would like to thank the Commission in allowing a six month period prior to the commencement of the final rule. The Commission has not advised whether the final Rule will only apply to new contracts formed after the NERR is amended. Lumo Energy recommends this approach is adopted.

Please do not hesitate to contact Stefanie Macri, Regulatory Manager on 03 9976 5604 to discuss this submission further.

Yours sincerely

A handwritten signature in black ink, consisting of a stylized capital 'A' followed by a long, horizontal, slightly wavy line extending to the right.

**Aneta Graham**  
General Manager, Regulatory Affairs & Corporate Relations  
**Lumo Energy Australia Pty Ltd**